

## **Key Messages: Change of Station Process and Related Tax Information (Updated May 1, 2015)**

### **Overview**

The NSSC provides travel reimbursement services for all authorized Agency Change of Station travel.

### **Tax Information**

**Relocation Income Tax (RIT) Allowance:** The amount of payment computed and paid in Year 2 to cover substantially all of the estimated additional tax liability incurred as a result of covered moving expense reimbursements received in Year 1. This allowance is not available to new appointees. Year 1 for computation of the RIT allowance is also known as the reimbursement year. It is the calendar year in which reimbursement or payment for moving expenses is made to, or for, the relocating employee. Year 2 is the calendar year in which a claim for the RIT allowance is paid.

Payment of a RIT allowance is intended to reimburse eligible transferred employees for substantially all of the additional Federal, State, and local income taxes incurred by the employee, or by the employee and spouse if a joint tax return is filed. These taxes are as a result of travel and transportation expenses and relocation allowances which are furnished in kind or for which reimbursements are provided by the Government.

After signing the Service Agreement and Duplicate Reimbursement Disclosure Statement, the employee will need to complete NASA Form 1810, Agreement to Repay Withholding Tax Allowance. Each time an employee is reimbursed for moving expenses which are subject to Federal withholding tax, a Withholding Tax Allowance (WTA) is calculated. The WTA is paid by the Government as an advance toward the final RIT allowance. The WTA is applied to taxable reimbursements each time a claim (voucher) is processed.

The employee is agreeing to submit the required tax information and claim for the RIT within a reasonable length of time after the receipt of the RIT package from the NSSC. Failure of the employee to comply with this requirement will preclude the agency's payment of the WTA. As a result, the entire WTA will be declared forfeited and due as a debt to the Government.

The Internal Revenue Service requires all employers to withhold taxes from the reimbursement of various moving expenses. Transferees are entitled to a RIT allowance to reimburse substantially all of the additional Federal, State, and local income taxes incurred. However, only the expenses actually paid or incurred and not allowed as a moving expense deduction for tax purposes are covered by the RIT allowance.

**NOTE:** It is imperative to understand that vouchers will be processed in accordance with current tax elections (including state of residency) within NASA's official personnel and payroll system of record, the Federal Personnel Payroll System (FPPS), at the time vouchers are received. To verify current tax elections, please contact the NSSC Payroll Office by sending an e-mail to [nssc-contactcenter@nasa.gov](mailto:nssc-contactcenter@nasa.gov) or calling 1-877-677-2123.

Please review the following chart outlining Federal Travel Regulations allowances and federal income tax treatment:

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**Table to § 302-17.8. FTR Allowances and Federal Income Tax Treatments**

Entitlement	Summary of FTR Allowance	FTR Part or Section	Tax Treatments
Meals while en route to the new duty station.	The standard CONUS per diem for meals and incidental expenses.	<a href="#">§302-4.200</a>	Taxable.
Lodging while en route to the new duty station.	The standard CONUS per diem for lodging expenses for the employee only.	<a href="#">§302-4.200</a>	Nontaxable provided the cost is reasonable according to the IRC.
Transportation using your POV to your new duty station.	Actual cost or the rate established by the IRS for using a POV for relocation.	<a href="#">Part 302-4</a>	Nontaxable.
Transportation to your new duty station using a common carrier (an airline, for example)	Actual cost.	<a href="#">Part 302-4</a>	Nontaxable.
Per diem and transportation for househunting trip	Actual Expense Method: 10 days of per diem plus transportation expenses - must be itemized; or Lump Sum Method: locality rate times 5 (one person) or times 6.25 (employee and spouse) for up to 10 days - no itemization required.	<a href="#">Part 302-5</a> <a href="#">Part 302-5</a>	Taxable. Taxable.
Temporary quarters subsistence expenses (TQSE).	Actual Expense Method: Maximum of 120 days; full per diem for only the first 30 days - itemization required; or Lump Sum Method: multiply number of days allowed by .75 times the locality rate (30 days maximum) - no itemization required. <b>Note:</b> <i>Additional TQSE allowances for family members are less than the benefit for the employee occupying TQ alone.</i>	<a href="#">§302-6.100</a> <a href="#">§302-6.200</a>	Taxable. Taxable.
Shipment of household goods (HHG) to include unaccompanied air baggage (UAB) and professional books, papers, and equipment (PBP&E).	Transportation of up to 18,000 pounds.	<a href="#">Part 302-7</a>	Transportation of goods from your former residence to your new residence is nontaxable.
Temporary storage of household goods in transit, as long as the expenses are incurred within any 30 calendar day period after the day your items are removed from your old residence and before they are delivered to the new residence.	Temporary storage of up to 30 days (However, see the section immediately below).	<a href="#">§302-7.9</a>	Nontaxable.
Temporary storage of household goods beyond 30 days.	Temporary storage of 60 plus 90 days, NTE 150 days for CONUS relocations, and 90 days plus another 90 days, NTE 180 for OCONUS relocations.	<a href="#">§302-7.9</a>	Taxable.
Extended storage of Household Goods (HHG).	CONUS - TCS (per agency policy) or isolated duty station only. OCONUS - Agency policy.	<a href="#">§302-3.414</a> ; <a href="#">Part 302-8</a> , <a href="#">Subpart B</a> , <a href="#">Part 302-8</a> , <a href="#">Subpart C</a> and <a href="#">D</a>	Taxable. Nontaxable.
Transportation of privately-owned vehicle (POV).	CONUS - Agency discretion. OCONUS - Agency discretion.	<a href="#">Part 302-9</a> , <a href="#">Subpart D</a> , <a href="#">Part 302-9</a> , <a href="#">Subpart B</a> and <a href="#">C</a>	Nontaxable. Nontaxable.
Shipment of mobile home in lieu of HHG.	Limited to maximum allowance for HHG.	<a href="#">§302-10.3</a>	Nontaxable.
Residence transactions • "Sale of home • "Purchase of home • "Lease-breaking	Closing costs up to 10% of actual sales price. Closing costs up to 5% of actual purchase price. Itemization required.	<a href="#">§302-11.300(a)</a> <a href="#">§302-11.300(b)</a> <a href="#">§§302-11.430</a> and <a href="#">§302-11.431</a>	Taxable. Taxable. Taxable.
Payments to Relocation Service Contractors.	According to agency policy and contracts.	<a href="#">Part 302-12</a>	Taxability determined on a case-by-case basis.
Home Marketing Incentive Payment.	See internal agency policies and regulations.	<a href="#">Part 302-14</a>	Taxable, but not eligible for WTA or RITA.
Property Management Services.	See internal agency policies and regulations.	<a href="#">Part 302-15</a>	Taxable.
Miscellaneous expenses.	\$650 or \$1,300; or Maximum of 1 or 2 weeks basic pay.	<a href="#">§302-16.102</a> <a href="#">§302-16.103</a>	Taxable. Taxable.
Withholding tax allowance.	25 percent of reimbursements, allowances, and direct payments to vendors.	<a href="#">Part 302-17</a> , <a href="#">Subpart B</a>	Taxable.
Relocation income tax allowance.	Based on income and tax filing status.	<a href="#">Part 302-17</a> , <a href="#">Subpart C</a>	Taxable.

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